

STATE OF SOUTH CAROLINA

(Caption of Case)

In re:

**Duke Energy Carolinas, LLC Application to Adjust
and Increase its Electric Rates and Charges****BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA****COVER SHEET****DOCKET****NUMBER: 2009 - 226 - E**

(Please type or print)

Submitted by: Charles A. Castle**SC Bar Number:** 79895**Address:** 526 S. Church Street, EC03T**Telephone:** 704-382-4499Charlotte, NC 28202**Fax:** 704-382-4494**Other:** _____**Email:** alex.castle@duke-energy.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)☐ **Emergency Relief demanded in petition** ☐ **Request for item to be placed on Commission's Agenda expeditiously**☐ **Other:** _____**INDUSTRY (Check one)****NATURE OF ACTION (Check all that apply)**

- | | | | |
|--|--|--|---|
| <input checked="" type="checkbox"/> Electric | <input type="checkbox"/> Affidavit | <input checked="" type="checkbox"/> Letter | <input type="checkbox"/> Request |
| <input type="checkbox"/> Electric/Gas | <input type="checkbox"/> Agreement | <input type="checkbox"/> Memorandum | <input type="checkbox"/> Request for Certificatio |
| <input type="checkbox"/> Electric/Telecommunications | <input type="checkbox"/> Answer | <input type="checkbox"/> Motion | <input type="checkbox"/> Request for Investigator |
| <input type="checkbox"/> Electric/Water | <input type="checkbox"/> Appellate Review | <input type="checkbox"/> Objection | <input type="checkbox"/> Resale Agreement |
| <input type="checkbox"/> Electric/Water/Telecom. | <input type="checkbox"/> Application | <input type="checkbox"/> Petition | <input type="checkbox"/> Resale Amendment |
| <input type="checkbox"/> Electric/Water/Sewer | <input type="checkbox"/> Brief | <input type="checkbox"/> Petition for Reconsideration | <input type="checkbox"/> Reservation Letter |
| <input type="checkbox"/> Gas | <input type="checkbox"/> Certificate | <input type="checkbox"/> Petition for Rulemaking | <input type="checkbox"/> Response |
| <input type="checkbox"/> Railroad | <input type="checkbox"/> Comments | <input type="checkbox"/> Petition for Rule to Show Cause | <input type="checkbox"/> Response to Discovery |
| <input type="checkbox"/> Sewer | <input type="checkbox"/> Complaint | <input type="checkbox"/> Petition to Intervene | <input type="checkbox"/> Return to Petition |
| <input type="checkbox"/> Telecommunications | <input type="checkbox"/> Consent Order | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation |
| <input type="checkbox"/> Transportation | <input type="checkbox"/> Discovery | <input type="checkbox"/> Prefiled Testimony | <input type="checkbox"/> Subpoena |
| <input type="checkbox"/> Water | <input type="checkbox"/> Exhibit | <input type="checkbox"/> Promotion | <input type="checkbox"/> Tariff |
| <input type="checkbox"/> Water/Sewer | <input type="checkbox"/> Expedited Consideration | <input type="checkbox"/> Proposed Order | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Administrative Matter | <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest | |
| <input type="checkbox"/> Other: | <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit | |
| | <input type="checkbox"/> Late-Filed Exhibit | <input type="checkbox"/> Report | |



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September 14, 2010

Ms. Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: Docket No. 2009-226-E; Duke Energy Carolinas, LLC Application to Adjust and Increase its Electric Rates and Charges

Dear Ms. Boyd:

I am writing to inform the Commission of the status of the Coal Inventory Rider, established in Order No. 2010-79, in the aforementioned docket. The Coal Inventory Rider is an interim rider set up to defray the carrying costs of fuel-stock inventory. It automatically expires when coal inventories reach a full-burn 40-day supply on a sustained basis or on April 30, 2011, whichever occurs first. The Settlement Agreement, attached to Order No. 2010-79 as Order Exhibit No. 1, defines a sustained basis as three consecutive months of total coal inventory of 42 days or below. The amount collected under the rider is based on estimated monthly coal inventory levels, and the rider is subject to true-up to reflect actual monthly coal inventory levels.

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "the Company") expects that during September, the coal inventories will have reached a full-burn 40-day supply on a sustained basis, causing the rider to expire automatically on October 1, 2010. The coal inventory returned to normal levels more quickly than originally projected due to this summer's hot weather and the Company's efforts to renegotiate contracts. The Company has determined that it will have over collected under the rider, and that it will be able to determine the final amount of this over collection subsequent to the expected expiration date. The Company proposes that it be allowed to return the over-collected funds to customers via the fuel rider to be established in the 2011 annual fuel hearing. The Company has given the Office of Regulatory Staff ("ORS") notice of the end of the Coal Inventory Rider effective October 1, 2010. Further, counsel for ORS has been contacted and ORS's counsel gives the Company permission to state that ORS agrees to the return of the over-collected funds during the 2011 fuel review.

Ms. Jocelyn Boyd
Chief Clerk
September 14, 2010

Please contact me if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles A. Castle". The signature is fluid and cursive, with the first name "Charles" being the most prominent part.

Charles A. Castle

cc: Shannon Hudson, ORS Staff Attorney (via email & U.S. Mail)
Other parties of record